GOVERNMENT OF INDIA
COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:492
ANSWERED ON:24.11.2006
POLICY ON LIMITED LIABILITY PARTNERSHIP
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Will the Minister of COMPANY AFFAIRS be pleased to state:

(a) whether there is a policy on Limited Liability Partnership (LLP) in the country;

(b) if so, the salient features of the policy; and

(c) the likely economic benefit to the professionals/non-professionals under the policy?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

(a) to (c): The Government is considering a proposal to bring a legislation to enable setting up of Limited Liability Partnerships in India and to provide for their regulation including for their incorporation, registration, governance arrangements, accounting, auditing, disclosures, winding up, dissolution etc.

The Limited Liability Partnership (LLP) is an agreement based business structure which is an alternative to firms such as partnerships (regulated under the Partnership Act, 1932) and limited liability companies regulated by the Companies Act, 1956. The LLP framework is expected to allow the flexibility suited to requirements of service, knowledge and technology based enterprises including those supported by venture capital. It may also provide a cost effective alternative to small enterprises.